

Name of Project: Municipal Building Project

Name of Urban Renewal Area: Consolidated Walcott Urban Renewal Area

Urban Renewal Area History: Consolidated Walcott Urban Renewal Area

Year of Establishment of Consolidated Urban Renewal Area: 2008

Date of Council Approval of Project: May 5, 2014

Description of Municipal Building Project: The Municipal Building Project (the "Project") will consist of the construction of a Municipal Building to serve as the location for City Hall and the Police Department. The Municipal Building will also include the construction of public infrastructure improvements as described below. It is anticipated that the Project will be constructed on one or more City-owned parcels (the "Main Street Property") situated on Main Street in the Area. The completed Municipal Building Project will have a direct, positive impact on increased and improved commerce and development in the Area through the provision of enhanced police protection, municipal services and municipal facilities.

Description of Public Infrastructure: The Municipal Building Project will include the construction of public sidewalk, parking, storm water drainage and other necessary utility improvements.

Description of Properties to be Acquired in Connection with Municipal Building Project: If necessary, the City will acquire additional property for the carrying out of the Municipal Building Project situated at 116 West Lincoln Street and 116 North Main Street in the Area.

Description of Use of TIF: The City intends to pay the costs of the Municipal Building Project in the amount of \$1,500,000. The City will likely issue bonded indebtedness to raise capital for the construction of the Municipal Building Project. The City may also use internal advances of funds to cover certain Municipal Building Project costs. The City intends to, in part, use incremental property tax revenues derived from the Area to pay a portion of the debt service on the City's bonds or notes and to repay any internal advances of funds made with respect to the Municipal Building Project.

Analysis of Use of TIF: In accordance with the requirement of Section 403.5(2)(b)(1) of the Code of Iowa, the City has analyzed its proposed use of incremental property tax revenues for the funding of the Municipal Building Project and alternative development and funding options for the Municipal Building Project. The results of that analysis are summarized as follows:

A) Alternate Development Options: The City Council has determined that a need exists for the provision of new and improved administrative services facilities and police department facilities in the Area. The City's ability to fulfill its duty of police protection in the Area and its role in licensing, permitting, land use regulation, economic development and policy governance for activities and projects in the Area is diminished

by inadequate, outdated and undersized administrative and police facilities. There is no conceivable way for the City to outsource or privatize police protection or public services, and the use of the Main Street Property as the site for the Municipal Building Project is an optimal use for this land. Promoting other types of development on the Property will not meet the public need being addressed by the Municipal Building Project.

B) Alternate Financing Options:

* Local Option Sales and Services Tax Revenues: The City will use a portion of its Local Option Sales and Services Tax revenues to pay costs associated with the sidewalk and storm water drainage needs for the Municipal Building Project.

* General Fund: The City is at its \$8.10 per thousand levy limit for the General Fund, and the annual proceeds from this levy are fully committed to maintain the operational integrity of the City. The City cannot access its General Fund reserves to aid in the Municipal Building Project funding without risking unsound fiscal practice.

* Capital Improvements Levy: The City does not have a Capital Improvements Levy available, and the imposition of such additional levy would require a successful referendum, which is not feasible at this time.

* Debt Service Levy: The City does not have authority to levy a debt service tax for general obligation indebtedness for the Municipal Building Project. It is not feasible for the City to acquire the authority, either through full referendum or reverse referendum, to issue general obligation indebtedness for the Municipal Building Project without the ability to assure the voting public that tax increment financing will be available to assist with the funding. The use of tax increment financing will lessen the burden on individual tax payers that would result from a spike in the debt service levy rate and will shift that burden onto valuation increases resulting from the City's successful economic development initiatives.

* Utility Surpluses: The City does not have identified surpluses in its sewer and water utility funds that could aid in the funding of the Municipal Building Project.